



## **2015 – 2016 Annual Report**

March 31, 2016

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NKDF Annual Report



# **2015-2016 ANNUAL REPORT**

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## **Report From The Chair**

May 12, 2016

I wish to thank the Board of Directors for their commitment and support to NKDF over the past year.

I continue to be personally very proud of the recognition enjoyed by NKDF and of the many important projects we have helped bring about. It is heartwarming to continually be told the value that communities see in the opportunity that we provide with this fund.

It is important to recognize that the NKDF Board of Directors has been busy in the recruiting department and that we are in the process of adding new directors from Kitamaat Village and Burns Lake, which will for the first time in a long time mean that we have a full slate of representatives. Thank you to all who helped with selecting and facilitating the appointment of new Directors.

During the 2015-2016 fiscal year the Board of Directors approved 13 projects totaling \$499,396 in grant funding. This brings the total amount of funds granted since inception in 1999 to \$9,361,405. The upcoming year will see another \$500,000 made available to the communities in the investment area.

The Board can clearly see the importance and value of all the projects whether large or small and I would like to take this opportunity to thank the many community members who work so hard to bring the projects to successful conclusions.

Sincerely,

A handwritten signature in dark ink, appearing to read 'W Salewski', with a stylized flourish at the end.

Wayne Salewski  
Chairperson

## 1. Society Overview

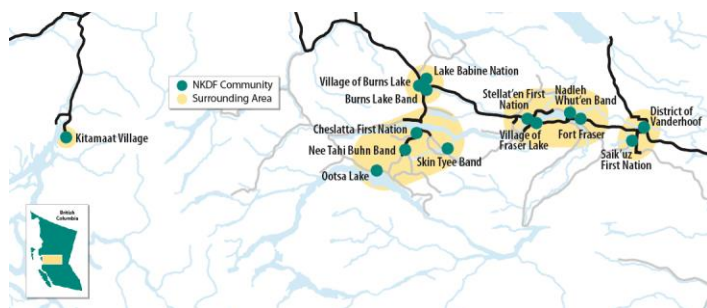
### A. Mandate

The Nechako-Kitamaat Development Fund (NKDF) Society's funding programs are designed to support sustainable economic activity in northern communities affected by the Kitimat-Kemano project and by the creation of the Nechako Reservoir. The NKDF Society spends the income from its long-term investments on programs and projects that meet each community's goals for economic development and community stability.

### B. Background of the Fund

In 1997, the Government of British Columbia and Alcan Aluminum Limited each contributed \$7.5 million to create the BC-Alcan Northern Development Fund. This BC-Alcan Agreement settled the legal issues between Alcan Aluminum Limited and the BC Government that arose from cancellation of the Kemano Completion Project. In January 1998 an advisory Board for the Northern Development Fund was formed. Its job was to advise the government on how the Fund should be run to stimulate economic growth. In April 1998, the legislature passed Bill 5, the "BC-Alcan Northern Development Fund Act." Enabled by this Act, and by the recommendations of the advisory Board, the NKDF Society was incorporated on August 18, 1999. The Minister of Jobs, Tourism and Skills Training appoints Board members to represent the communities of the Nechako-Kitamaat area.

### C. Investment Area



The investment area for the NKDF is normally limited to those communities with evidence of impacts from the Nechako Reservoir and Kemano power project. We encourage applications from local governments and legally incorporated non-profit organizations serving the following communities:

Kitamaat Village	Village of Burns Lake	Nadleh Whut'en Band
Southside	Burns Lake Band	Fort Fraser
Nee Tahi Buhn Band	Lake Babine Nation	District of Vanderhoof
Cheslatta Carrier Nation	Stellat'en First Nation	Saik'uz First Nation
Skin Tyee Band	Village of Fraser Lake	

***D. Guiding Principles of the Fund***

COMMUNITY ECONOMIC DEVELOPMENT	The NKDF will invest in community economic development projects and/or programs that are supported by the community, as long as they do not subsidize private business.
JOB CREATION & ENHANCEMENT	Creating new jobs and enhancing existing jobs are priorities of the NKDF.
SUSTAINABLE EMPLOYMENT	A priority of the Fund will be to support long term employment - both full time and seasonal.
COMMUNITY INTERRELATIONSHIPS	The Fund recognizes the value of interrelationships between communities. Consideration will be given to proposals from within the Nechako Region, Lakes District and Kitamaat Village if they demonstrate a benefit to those areas.
CLEAR AND ACCESSIBLE	The Fund will have policies and programs that are accessible with clearly defined evaluation criteria.
FIRST NATIONS' PARTICIPATION	First Nations' participation in the Fund will not prejudice the First Nation land claim process.
LOCAL CONTROL	The majority of NKDF Directors will reside in the investment area. The Board will determine the ongoing management of the Fund consistent with provincial government policy.
BENEFITTING FUND	The Fund is intended to create benefits through sustainable community economic development. It is not intended to be compensation for those who believe themselves to have been negatively affected by the Kitimat-Kemano Project, the creation of the Nechako Reservoir or the cancellation of the Kemano Completion Project.
COOPERATIVE VENTURES	The Fund can be utilized in cooperative ventures along with other funding sources.
NO DUPLICATION	The Fund will not duplicate but may augment existing economic development programs.

Of the original \$15 million, \$5 million was provided to NKDF to be used as a working fund to invest in projects and programs. The remaining \$10 million of the original \$15 million was placed into a legacy fund with the goal of investing and growing the fund to \$15 million, and the income from the legacy fund to be used to fund NKDF projects into the future.

Fund investments are managed by the provincial government, through the British Columbia Investment Management Corporation, a provincial Crown Corporation. Monies of the Northern Development Fund—to be used in support of the programs of the NKDF Society—are in investment vehicles, which are generally conservative but which also provide some opportunities for growth.

***E. Society Management***

The NKDF Society is governed by a northern-based Board of government appointees who live in the investment area and represent a range of interests. Board seats during the past year were held by:

- Doris Fraser, Kitamaat Village
- Greg Goodwin, Province of BC
- Ray Klingspohn, Vanderhoof (Secretary/Treasurer)
- Kathie LaForge, Vanderhoof
- Jamie Neilson, Fraser Lake
- Lianne Olson, Rio Tinto
- Mike Robertson, Southside
- Wayne Salewski, Vanderhoof (Chair)
- Shelley Wall, Burns Lake

Management services are provided through a contract with Macrolink Action Plans Inc., based in Prince George, British Columbia.

***F. Government Relations***

Since the Society's incorporation in 1999, the provincial government has transferred \$9.3 million from the Northern Development Fund to the NKDF Society for its operations and programs. The balance of the original \$15 million remains under the control of the BC Investment Management Corporation. (See the attached financial statements for detailed balances of the Society's accounts.)

The NKDF Board of Directors reports to the Minister of Jobs, Tourism and Skills Training. The Minister is responsible for approving the Society's annual business plan and for appointing all Society Directors. This reporting relationship ensures that the Society's actions are in line with current provincial government priorities and direction.

## **2. Strategic Plan for 2016-2017**

### **Background**

The Northern Development Fund Act defines the purpose of the fund as follows:

- 1) The purpose of the fund is to promote sustainable economic development in Northwestern British Columbia.
- 2) Without limiting subsection (1), the fund may be used for the following:
  - a. supporting investment in new or existing businesses;
  - b. creating new employment or stabilizing existing employment;
  - c. supporting other goals that are consistent with subsection (1) and that the minister considers desirable.

### **Strategies for 2016-2017**

The Board will adopt the following strategies for the 2016-2017 fiscal.

- 1) To fund projects that address impacts most important to the communities.

- 2) To review applications expeditiously.
- 3) To give priority to projects that maximize economic benefits.
- 4) To canvas communities and organizations to solicit feedback and determine the effectiveness of NKDF programs and potential new initiatives.
- 5) To explore ways to target funding toward more diverse, collaborative, and regional projects.
- 6) To explore options to increase capital for NKDF programs.

### **3. Programs**

#### ***A. Community Funding Program***

The Society received a total of 15 new applications during the year and approved 13, totalling \$499,396 for the entire investment area for the 2015-2016 fiscal year.<sup>1</sup>

The Board of Directors will continue to promote NKDF programs and increase the uptake in the smaller communities. While NKDF Society continues to benefit from increasing recognition throughout the investment area, Directors and Management will increase communications with local governments, businesses, and residents throughout the catchment area.

The Directors focus on safeguarding the fund by making informed decisions that maintain the highest value to all stakeholders of the BC/Alcan Northern Development Fund. Throughout the year, the Manager and Directors encourage feedback from all stakeholders and use the input to guide decisions and make improvements to the operation.

#### ***B. Community Legacy Fund Program***

The Community Legacy was established in 1999, when \$10 million of the Society's funds were invested to grow and provide funding for NKDF programs and projects in perpetuity. The Community Legacy Fund is currently held at the BC Investment Management Corporation and the fair market value at March 31, 2016 is \$15,881,286.

This year, after careful consideration of the current and projected values of the fund, the Directors have decided to prioritize the following strategies:

1. Continue the objectives of maintaining the legacy fund at a minimum of \$15 million and optimizing returns within the permissible risk threshold.
2. To structure the investments of the legacy fund to produce a minimum of \$500k each year for community grants.
3. Reinvest any unused funds and slippage rather than rolling them into the following year's budget.

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<sup>1</sup> Detailed descriptions of all 2015-2016 approved projects are in section 4.

## 4. Funding Details

The Society approved \$499,396 in new projects this year, bringing the total approved funding to \$9,361,405 since inception. The following table shows statistics for all years since the inception of the fund.

Year	Proposals Received	Proposals Approved <sup>2</sup>	Proposals Not Approved	Total \$ Committed	Total \$ Paid
2015-2016	15	13	2	\$499,396	\$351,127
2014-2015	23	17	6	\$531,005	\$487,655
2013-2014	34	30	4	\$552,847	\$439,998
2012-2013	18	14	4	\$513,394	\$623,416
2011-2012	24	21	3	\$401,639	\$391,746
2010-2011	27	21	6	\$553,903	\$502,515
2009-2010	27	20	7	\$728,398	\$577,207
2008-2009	23	17	6	\$719,590	\$694,665
2007-2008	34	26	8	\$730,517	\$448,262
2006-2007	24	17	7	\$600,000	\$1,173,343
2005-2006	24	19	5	\$623,169	\$605,151
2004-2005	24	20	4	\$986,959	\$518,050
2003-2004	45	31	14	\$1,172,097	\$484,778
2002-2003	8	7	1	\$44,195	\$234,684
2001-2002	20	11	9	\$518,741	\$245,636
2000-2001	13	6	7	\$137,534	\$149,004
1999-2000	8	5	3	\$48,021	\$25,000
<b>Total</b>	<b>391</b>	<b>295</b>	<b>96</b>	<b>\$9,361,405</b>	<b>\$7,952,237</b>

The following table summarizes proposals not approved during this fiscal year:

Project	Date	Requested	Reason for Decline
Signage Strategy	2015-03-15	\$20,000.00	Tabled to seek other sources of funding.
Post Education Feasibility	2015-12-08	\$20,000.00	High budget costs, lack of support letters

### A. Economic Impacts 2015-2016

Number of Projects	Based on projects approved during 2015-2016 fiscal.	13
Total Amount Approved	During 2015-2016 fiscal year.	\$499,396
Funds Leveraged	In addition to the NKDF funding.	\$2,889,130

<sup>2</sup> The high ratio of approved projects is due in part to the fact that project concepts are pre-screened to ensure they fit the NKDF mandate prior to accepting applications.



## **NECHAKO KITAMAAT DEVELOPMENT FUND SOCIETY ANNUAL REPORT 2015-2016**

In-Kind Leveraged	In addition to the NKDF funding.	\$18,763
Direct, Short Term Jobs	As projected by funding recipients at application stage.	81
Full Time Sustainable Jobs	As projected by funding recipients at application stage.	15

- Notes**
- Not included are dollars brought into the communities via visitor expenditures.
  - The jobs figures are based on estimates made by recipients at the application stage.
  - Downstream or spin-off jobs are not included in this table.

## **5. Projects Summary**

The following table summarizes the projects approved and/or in progress during the 2015-2016 fiscal year. Brief descriptions of each project follow.

<b>Recipient</b>	<b>Project</b>	<b>Approved</b>	<b>Approval</b>	<b>Payment</b>
BC Forage Council	Innovative Forage Production	15,000	2014	50%
Burns Lake & District Chamber	Trails Brochure	9,249	2013	100%
Burns Lake Mountain Bike Association	Boer Mountain Trail	74,540	2014	100%
Burns Lake Mountain Bike Association	Boer Mountain 2015 Westside	125,000	2015	50%
Decker Lake Recreation Commission	Freshen and Finish	11,181	2015	50%
District of Vanderhoof	Aquatic Centre	100,000	2015	0%
District of Vanderhoof	Friendship Centre Reno	30,000	2014	100%
District of Vanderhoof	Greenhouse Feasibility Study	7,500	2016	0%
District of Vanderhoof	Housing Needs Study	5,000	2013	100%
District of Vanderhoof	NVSS Music Program	15,000	2015	0%
District of Vanderhoof	Recreation Centre Upgrade	110,000	2014	50%
Lakes District Airport Society	Baker Airport Runway Rehabilitation	100,000	2015	0%
Lakes District Fall Fair Association	Parking/Washroom Upgrade	26,222	2015	100%
Lakes District Fall Fair Association	Parking Lot Upgrade	23,995	2014	100%
Lakes Outdoor Recreation Society	Recreation Site Accessibility	6,650	2014	100%
Nechako Valley Search and Rescue	Training Facility Renovation	61,678	2015	100%
Nechako Valley Sporting Association	Lighting Upgrade	35,000	2015	100%
NKDF	Grassroots Development Project 2015-2016	10,000	2015	40%
Regional District Bulkley-Nechako	Investment Readiness Action Plan	12,000	2016	0%
Regional District Bulkley-Nechako	Research and Signage	20,000	2016	0%
Rose Lake Community Club	Renovation and Upgrade	11,255	2016	50%
Saik'uz First Nation	Indian Residential School Commemorative Park	40,000	2015	0%
Southside Economic Development Association	Highway 16 Billboard	3,750	2012	90%
Southside Economic Development Association	Roads Already Traveled	6,000	2014	50%
Southside Health and Wellness	Centre Upgrade	7,960	2015	50%
St. Luke's Church on the Lake	Restoration Project	15,000	2015	100%
Tweedsmuir Cavaliers	Parking for Ponies	14,000	2014	100%

## **NECHAKO KITAMAAT DEVELOPMENT FUND SOCIETY ANNUAL REPORT 2015-2016**

Twedsmuir Recreation Commission	Wistaria Hall Upgrade	40,000	2013	100%
Village of Burns Lake	Ammonia Plant Replacement	100,000	2015	0%
Village of Burns Lake	Downtown Revitalization Phase 2a	25,000	2014	50%
Village of Burns Lake	Information Kiosk Phase 2	3,960	2014	50%
Village of Fraser Lake	Festival of the Arts	4,500	2015	100%
Village of Fraser Lake	Move the Museum	100,000	2015	50%

**Notes:**

- Column 3 figures are based on approved amounts.
- Projects indicating 100% payment have been completed during the fiscal.

### **6. Project Descriptions Sorted by Location (East to West)**

#### **A. Vanderhoof Projects**

##### **Aquatic Centre \$100,000**

###### ***District of Vanderhoof***

This approval is for the District of Vanderhoof to undertake the securing of architectural and construction drawings for the proposed Vanderhoof Regional Aquatic Centre.

##### **Friendship Centre Reno \$30,000**

###### ***District of Vanderhoof***



The District of Vanderhoof has partnered with the Seniors Friendship Club in order to renovate the Seniors Friendship Centre. The purpose of this renovation is the upgrade the Centre's bathrooms to be Senior friendly, repaint the main hall walls, replace entryway flooring, and upgrade the sound system.

##### **Greenhouse Feasibility Study \$7,500**

###### ***District of Vanderhoof***

With this funding, the District of Vanderhoof in partnership with School District 91 will conduct a feasibility study to determine the viability of building a production greenhouse at Nechako Valley Secondary School.

**Housing Needs and Demand Study** **\$5,000**

***District of Vanderhoof***

This approval is for the District of Vanderhoof to undertake the completion of a Housing Needs and Demand Study to understand the gaps between the existing supply and demand for accessible, adequate and affordable housing in the municipality to meet the needs of the full housing continuum and support continued population growth and sustainability within the community.

**NVSS Music Program** **\$15,000**

***District of Vanderhoof***

This funding is to go towards the purchase of musical instruments for Nechako Valley Secondary School.

**Recreation Centre Upgrade** **\$110,000**

***District of Vanderhoof***

The District of Vanderhoof will renovate a currently empty building to house the Recreation Department.

**Training Facility Renovation** **\$61,678**

***Nechako Valley Search and Rescue***

Nechako Valley Search and Rescue Society (NVSAR) is a volunteer organization working with a variety of stakeholders under Emergency Management BC to provide search, rescue, and recovery services in the Vanderhoof area. With this funding, NVSAR will renovate an existing building and create a SAR training facility, office space, and equipment storage area, all in the same location.



**Lighting Upgrade** **\$35,000**

***Nechako Valley Sporting Association***

Nechako Valley Sporting Association plans to update the lighting system along the ski and recreation trails system at the Nechako Valley Sporting Association Club grounds.

**Indian Residential School Commemorative Park** **\$40,000**

***Saik'uz First Nation***

Saik'uz First Nation proposes to build a park that will commemorate survivors and their families of those who attended Indian Residential Schools.

***B. Fraser Lake/Fort Fraser Projects***

**Festival of the Arts**

**\$4,500**

***Village of Fraser Lake***

This funding is to go towards holding a one-day Festival of the Arts in 2015. The 2015 event will be a full day of music, art exhibitions, workshops, children's programs, and many other fun interactive activities.



**Move the Museum**

**\$100,000**

***Village of Fraser Lake***



This funding is for the Village of Fraser Lake to relocate the Fraser Lake Museum and Visitor Information Centre across the highway as well as renovate the interior of the museum and update and repair exhibits.

***C. Burns Lake / Southside Projects***

**Trails Brochure**

**\$9,249**

***Burns Lake and District Chamber of Commerce***

The Lakes District Visitor Information Centre tracks the number of enquires by visitors for activities available in the area. Activities range from skiing to rock hounding. Each year 45% of the enquiries are requests for information on local hiking trails. There is a need for a comprehensive trail guide. The Burns Lake & District Chamber of Commerce (Chamber) plans to design and produce a hiking trail guide map/brochure for the Lakes District, which will provide the hiker with important information. The guide will provide GPS information to use with smart phones and GPS units. The trail guide will be available for distribution in the spring of 2014 and will serve as a tourism marketing tool and as a tool to attract and retain residents.

**Boer Mountain Trail**

**\$74,540**

***Burns Lake Mountain Biking Association***

## **NECHAKO KITAMAAT DEVELOPMENT FUND SOCIETY ANNUAL REPORT 2015-2016**



Burns Lake Mountain Biking Association (BLMBA) has developed a three-year project plan for the construction of 20/km of new trail. The Boer Mountain 2014 Trail Project is phase 1 of this 3-year plan. With this funding, new routes and infrastructure will be constructed to Whistler Trail Standards and adopted by Recreation Sites and Trails BC for all mountain bike trail development in BC.

### **Boer Mountain 2015 Westside**

**\$125,000**

#### ***Burns Lake Mountain Biking Association***

The Boer Mountain 2015 Westside Trail Project merges Phases 2 and 3 of the original 3-year plan. With this project BLMBA proposes to construct 10.0 kilometers of new machine-built trail in 2015. The new trail will culminate in a wall ride.



### **Freshen and Finish**

**\$11,181**

#### ***Decker Lake Recreation Commission***

With this grant, the Decker Lake Recreation Commission will construct a new storage closet, paint, replace kitchen faucets and sink, and purchase new banquet chairs and banquet flatware.

### **Baker Airport Runway Rehabilitation**

**\$100,000**

#### ***Lakes District Airport***

This grant is to assist the Lakes District Airport Society with resurfacing the runway at the Baker Airport.

### **Parking/Washroom Upgrade**

**\$26,222**

#### ***Lakes District Fall Fair Association***

The Lakes District Fall Fair Association will create a parking area designated for livestock trucks and trailers, create walkways from the new livestock

parking to the washroom facility and the arena, and upgrade the washrooms.





**Parking Lot Upgrade**

**\$23,995**

***Lakes District Fall Fair Association***

The annual Lakes District Fall Fair and Music Festival is held the second weekend in September at the Eagle Creek Recreation Site. This event has continually grown and is facing challenges meeting the parking needs of visitors, participants, and volunteers. With this funding Lakes District Fall Fair Association will level and gravel the existing parking area, develop an area for increased parking, and treat the parking area for Noxious Weeds and Invasive Plants.



**Recreation Site Accessibility**

**\$6,650**

***Lakes Outdoor Recreation Society***



Lakes Outdoor Recreation Society (LORS) maintains 28 recreation sites and has recently completed an audit of the site and determined that there exists a lack of accessibility for people with mobility restrictions. This project will replace aging outhouses and picnic tables with infrastructure that is accessible for people with mobility restrictions.

**Renovation and Upgrade**

**\$11,255**

***Rose Lake Community Club***

The Rose Lake Community Club will utilize funds to renovate, expand, and upgrade the Club including construction of a new storage addition, purchase a new banquet, and a PA system.

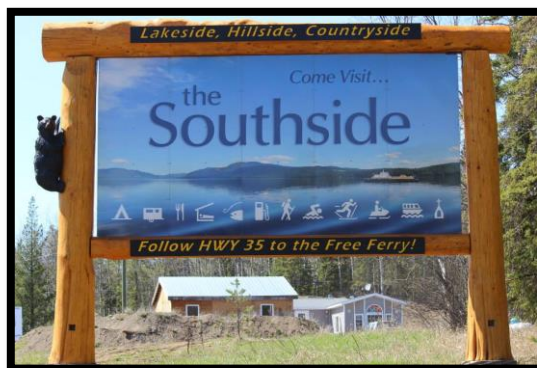
**Highway 16 Billboard**

**\$3,750**

***Southside Economic Development Association***



Southside Economic Development Association (SEDA) plans to erect a Billboard on Highway 16 to promote tourism and attract more tourists to the Southside.



**Roads Already Traveled**

**\$6,000**

***Southside Economic Development Association***

Southside Economic Development Association (SEDA) proposes to identify and map an existing network of trails and identify those that connect various tourism industry businesses and points of interest. Historical background and use of the trails will be researched. This phase of the project seeks to do the groundwork of identifying the trails of most value and digitizing the information, creating a foundation that future phases of the project can build on.

**Centre Upgrade**

**\$7,960**

***Southside Health and Wellness***



With this grant, the Southside Health and Wellness Centre will be upgraded to better utilize the space available so that any provider can use any of the available rooms.

**Restoration Project**

**\$15,000**

***St. Luke's Church on the Lake***

The focus of this group is to preserve a piece of northern rural history that is sustained through promoting Cultural & Historical Tourism, Community Events, Fundraising, and Rentals. With this project, St. Luke's Church on the Lake will repair the foundation, windows, doors and roof of St. Luke's Church on the Lake.



**Parking for Ponies**

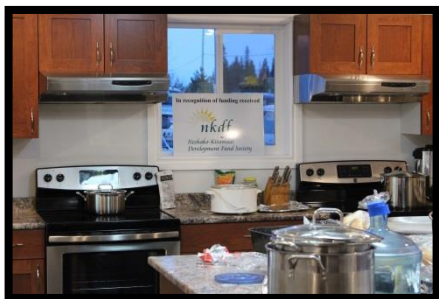
**\$14, 000**

***Tweedsmuir Cavaliers***

Tweedsmuir Cavaliers Saddle Club will expand the parking area at the Saddle Club Arena, purchase additional panels and gates in order to accommodate the "parking of the horses" during events as well as overnight for multi-day events and purchase a set of bleachers for spectators.

**Wistaria Hall Upgrade** **\$40,000**

***Tweedsmuir Recreation Commission***



Wistaria and the surrounding communities are hailed by many as being most impacted by Kemano and the flooding. The Wistaria Community Hall facility is used year round for events such as Christmas Concerts, Canada Day Celebrations, and the Ootsa Lake Fishing Derby. The facility also holds historical significance for the community. The Tweedsmuir Commission believes it is in danger of completely losing the Hall if the proposed improvements are not made soon. The proponent claims that this project will benefit the communities of

Wistaria, Streatham, Ootsa Lake, and East Ootsa as well as the neighbouring communities of Noralee, Takysie Lake, Grassy Plains, and Southbank. The proponent seeks ways to upgrade or replace the hall.

**Ammonia Plant Replacement** **\$100,000**

***Village of Burns Lake***

With this funding, the Village of Burns Lake will replace the current Ammonia Plant at the arena with a new Freon Plant.

**Downtown Revitalization Phase 2A** **\$25,000**

***Village of Burns Lake***

The Village of Burns Lake, working with the Downtown Revitalization Committee and building on the success of phase 1, will develop the former Shell service station Brownfield site in downtown Burns Lake. The converted site will feature picnic tables, an information kiosk, bicycle storage rack, pull through parking suitable for large recreation vehicles, transport trucks or passenger vehicles, lighting, and landscaping.

**Information Kiosk Phase II** **\$3,960**

***Village of Burns Lake***

The goal of the project is to increase tourist awareness of the Burns Lake and Lakes District Area by replacing existing signage that is out of date and falling into disrepair, including erecting new signage at the Visitor Information Centre.

***D. Kitamaat Projects***

No projects during this fiscal year.



***E. Regional Projects***

**Innovative Forage Production** **\$15,000**

***BC Forage Council***



With this project BC Forage Council will address a number of on-farm adaptations focused on producing high quality forage under variable climatic conditions. Through the development of a weather station network within the production area, the evaluation of production techniques, and the creation of a manual for conducting on-farm trials, this project seeks to increase the information and management options available to producers as well as provide for the long-term ability to respond to changes in growing conditions.

**Grassroots Development Project 2015-2016** **\$10,000**

***Nechako-Kitamaat Development Fund Society***

The purpose of the Grassroots Economic Development Opportunities Fund is to enable NKDF to facilitate project development at the community level while leveraging funding from outside the investment area. The idea behind this concept is to have funds available to assist constituents or applicants to turn their project ideas into living projects. The Grassroots Development funding is to assist applicants with locating potential funding agencies for projects and broader economic development related projects such as making training available that might not otherwise be offered in the communities in the NKDF investment area.

**Research and Signage** **\$20,000**

***Regional District of Bulkley- Nechako***

Regional District of Bulkley-Nechako (RDBN) plans to support the development of the tourism industry by designing and creating a regional activity brochure, enhancing the website, tourism tradeshow displays, and print advertising.

**Investment Readiness Action Plan** **\$12,000**

***Regional District of Bulkley- Nechako***

The objectives for this project include the identification of target markets, attraction of investors and new business, as well as increasing revenue in key sectors within the region.

## **7. Financial Highlights at March 31, 2016**

<b>Income and Expenses</b>	<b>Actual 2015-2016</b>	<b>Budgeted 2016-2017</b>
Administration Expenses	\$97,985	\$104,513
Funding Payments	\$349,949	\$495,592
Investment Income	\$ 84,254	\$100,105

**Note to grants:** The Society approved a total of \$499,396 in new funding for the year.

**Note to investment income:** NKDF investments are held at Integrus Credit Union in Vanderhoof and with Phillips Hager and North (PHN).

<b>Account Balances as of March 31, 2016</b>	
Cash and Term Deposits – Administration	\$18,016
Cash and Term Deposits – Funding	383,170
Short Term Investments	1,598,499
Accrued Interest & Receivables	2,417
Minus accounts payable	(3,781)
Net Financial Assets	1,998,321
Less Funding Commitments Outstanding	(567,814)
<b>Total NKDF Net Assets Less Funding Commitments</b>	<b>\$1,430,507</b>

**Combined assets:** The balance of the original \$15 million dollar contributions from Rio Tinto and the BC Government are held in the Northern Development Fund, managed by the British Columbia Investment Management Corporation. The market value of this investment account as of March 31, 2016 was \$15,881,286.

**Annual Audit:** The annual audit of the NKDF was completed in May 2016 by Edmison-Mehr Chartered Accountants (Smithers). The audited statements are attached.

**NECHAKO-KITAMAAT DEVELOPMENT  
FUND SOCIETY**

**FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**

**FINANCIAL STATEMENTS**

**MARCH 31, 2016**

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# EDMISON MEHR

## CHARTERED PROFESSIONAL ACCOUNTANTS

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### INDEPENDENT AUDITOR'S REPORT

To the Directors of  
Nechako-Kitamaat Development Fund Society  
Prince George, BC

We have audited the accompanying financial statements of Nechako-Kitamaat Development Fund Society, which comprise the Consolidated Statement of Financial Position as at March 31, 2016, and the Consolidated Statements of Operations and Changes to Operating Fund Balance, Remeasurement Gains and Losses, and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

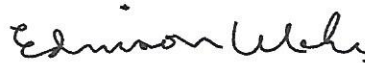
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nechako-Kitamaat Development Fund Society as at March 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Smithers, BC  
May 12, 2016

  
Edmison Mehr

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash - administration fund	\$ 18,016	\$ 15,010
Cash -grant fund	383,170	325,552
Short term investments, Note 3	1,598,499	1,658,668
GST receivable	<u>2,417</u>	<u>2,448</u>
	<u>2,002,102</u>	<u>2,001,678</u>
<b>LIABILITIES</b>		
Accounts payable	<u>3,781</u>	<u>3,779</u>
<b>NET FINANCIAL ASSETS</b>	1,998,321	1,997,899
COMMITMENT (Total \$607,234), Note 6		
<b>NON FINANCIAL ASSETS</b>	<u>-</u>	<u>-</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 1,998,321</u>	<u>\$ 1,997,899</u>
<b>ACCUMULATED SURPLUS IS COMPRISED OF:</b>		
Accumulated operating	\$ 1,895,460	\$ 1,759,050
Accumulated remeasurement gains and losses	<u>102,861</u>	<u>238,849</u>
	<u>\$ 1,998,321</u>	<u>\$ 1,997,899</u>

APPROVAL OF THE BOARD:

WSal Director

[Signature] Director



**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**STATEMENT OF CONSOLIDATED OPERATIONS AND CHANGES TO OPERATING FUND**  
**BALANCE**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	2016 Actual	2016 Budget (Note 6)	2015 Actual
<b>REVENUE</b>			
Contribution agreement funding - Province of B.C.	\$ 500,000	\$ 500,000	\$ 500,000
Investment	<u>84,254</u>	<u>77,222</u>	<u>89,571</u>
	<u>584,254</u>	<u>577,222</u>	<u>589,571</u>
<b>EXPENSES</b>			
Accounting and audit	5,535		4,472
Advertising and promotion	3,500		2,998
Honorariums	5,825		6,700
Insurance	1,034		1,015
Office	7,230		2,299
Subcontract - manager	60,774		59,373
Subcontract - other	1,788		-
Supplies and equipment	1,564		2,607
Telephone	2,372		3,776
Travel and meetings - board	4,901		8,783
Travel and meetings - manager	<u>3,372</u>		<u>855</u>
Sub-total	97,895	102,633	92,878
Grant promotion	3,405	-	7,365
Grant payments	<u>346,544</u>	<u>497,421</u>	<u>480,290</u>
	<u>447,844</u>	<u>600,054</u>	<u>580,533</u>
Excess (deficiency) of revenues over expenses for the year	136,410	(22,832)	9,038
Operating fund balance, beginning of year	<u>1,759,050</u>	<u>1,759,050</u>	<u>1,750,012</u>
Operating fund balance, end of year	<u>\$ 1,895,460</u>	<u>\$ 1,736,218</u>	<u>\$ 1,759,050</u>

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
Accumulated remeasurement gains and losses, beginning of year	\$ 238,849	132,359
Unrealized gain (loss) on portfolio investment	(93,307)	119,974
Realized gain (loss) on portfolio investment, reclassified to operations	<u>(42,681)</u>	<u>(13,484)</u>
Accumulated remeasurement gains and losses, end of year	\$ <u>102,861</u>	\$ <u>238,849</u>



**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	\$ 136,410	9,038
Add: Items not involving cash		
Unrealized gain (loss) on portfolio investment	<u>(93,307)</u>	<u>119,974</u>
	<u>43,103</u>	<u>129,012</u>
Net change in non-cash working capital		
Net (increase) decrease in:		
GST receivable	<u>32</u>	<u>(123)</u>
	<u>43,135</u>	<u>128,889</u>
<b>FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in short term investments	60,170	(186,709)
Realized gain (loss) on portfolio investment, reclassified to operations	<u>(42,681)</u>	<u>(13,484)</u>
	<u>17,489</u>	<u>(200,193)</u>
<b>INCREASE (DECREASE) IN CASH</b>	60,624	(71,304)
<b>CASH, beginning of year</b>	<u>340,562</u>	<u>411,866</u>
<b>CASH, end of year</b>	\$ <u>401,186</u>	<u>340,562</u>
<b>CASH CONSISTS OF:</b>		
Cash - administration fund	\$ 18,016	15,010
Cash - grant fund	<u>383,170</u>	<u>325,552</u>
	\$ <u>401,186</u>	<u>340,562</u>
<b>ADDITIONAL CASH FLOW INFORMATION:</b>		
Interest paid	\$ <u>-</u>	\$ <u>-</u>
Income taxes paid	\$ <u>-</u>	\$ <u>-</u>

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2016**

**1. PURPOSE**

The purpose of the Society is to promote sustainable economic development in northern communities affected by the Kitimat-Kemano project and by the creation of the Nechako Reservoir. The Society was created to manage the programs supported by the Northern Development Fund and to implement the recommendations of the Advisory Board of this Fund. The Society is accountable for the funds advanced to the Society from the Northern Development Fund.

The \$15 million Northern Development Fund, to which both Alcan and the BC Government each contributed \$7.5 million, was created as a result of the BC-Alcan 1997 Agreement. This Agreement resolved the legal issues associated with the cancellation of the Kemano Completion Project. Bill 5, the "BC-Alcan Northern Development Fund Act", to promote sustainable economic development in Northwestern BC, was approved by the Legislature in April, 1998. The Advisory Board for the Northern Development Fund was established in January, 1998 to provide the Minister responsible for the Fund with recommendations for how the Fund should be managed and used to stimulate economic development.

The Provincial Government maintains direct management responsibility for that portion of the Northern Development Fund not forwarded to the Society. The fair market value of the fund at March 31, 2016 \$15,525,385 (2015 - \$15,881,286). At March 31, 2016 a total of \$9.8 million has been forwarded from the Northern Development Fund to the Society since its inception.

The Nechako-Kitamaat Development Fund Society was incorporated under the Society Act on August 18, 1999.

**2. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

**Cash**

Cash consists of cash and cash equivalents that are defined as highly-liquid investments with maturities of three months or less at the acquisition date.

**Financial Instruments**

Financial instruments consist of cash, short term investments, receivables and payables. All financial instruments are recorded at market value. For short term investments, the classes of the investments, as outlined in Note 3, are held in active markets with publicly available trading values. Therefore the fair market value of each class of short term investments is considered Level 1 as outlined by Canadian Public Sector Accounting Standards section 3450, Financial Instruments.

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**Revenue**

Grant revenue is recognized when the grant is received by the Society.

Investment revenue includes interest, dividend and realized capital gains income and losses. Unrealized gains and losses on held-for-trading financial assets are recorded in the Statement of Remeasurement Gains and Losses in the period in which the unrealized gains and losses arise.

**Grant payments**

Grants provided to other organizations are recorded as an expense when the amount is paid by the Society.

**Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results could differ from those estimates.

**3. SHORT TERM INVESTMENTS**

Short term investments consist of investments classified as held-for-trading and include the following amounts. The adjusted cost base of the fund at March 31, 2016 is \$1,495,646 (2015 - \$1,419,819).

	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents Funds	\$ 50,868	\$ 33,359
Fixed Income Funds	440,688	448,242
Equity Funds - Canadian	339,184	361,762
Equity Funds - United States	408,494	449,877
Equity Funds - Other International	<u>359,264</u>	<u>365,428</u>
	<u>\$ 1,598,498</u>	<u>\$ 1,658,668</u>



**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**4. FINANCIAL ASSETS AND LIABILITIES**

The significant financial risks to which the Society is exposed include the following:

**Credit risk**

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Society to a concentration of credit risk consist primarily of cash and short term investments. The Society limits its exposure to credit loss from its cash by placing its cash with major Canadian financial institutions. The Society's maximum exposure to credit risk for short term investments are the amounts disclosed in the Statement of Financial Position.

**Fair value**

The Society estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments. For short term investments, the classes of the investments, as outlined in Note 3, are held in active markets with publicly available trading values. The Society's maximum exposure to fair value risk for short term investments are the amounts disclosed in the Statement of Financial Position.

**Liquidity Risk**

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. The Society's approach to managing liquidity is to evaluate current and expected liquidity requirements under both normal and stressed conditions to ensure that it maintains sufficient reserves of cash or have an available credit facility to meet its liquidity requirements in the short and long term.

As at March 31, 2016, the Society had cash of \$401,186 (March 31, 2015 - \$340,562) to settle current liabilities of \$3,780 (March 31, 2015 - \$3,781). Management believes that liquidity risk for financial instruments is minimal.

**Market risk**

Market risk incorporates a range of risks. Movement in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Society is exposed to these risks. The Society mitigates these risks by the diversity of its short term investment classes as disclosed in Note 3.

**Foreign currency risk**

The Society is exposed to currency risk with respect to the US and other international equity funds amounts as disclosed in Note 3.

**Interest rate risk**

The Society is exposed to interest rate risk to the extent that the cash and money market funds maintained are subject to a floating rate of interest. The interest rate risk on cash and money market funds is not considered significant. Management believes that interest rate risk for cash and money market funds is minimal.

**5. BUDGET**

The budget amounts correspond to Appendix 'A' of the 2015/16 Business Plan.

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**6. COMMITMENT**

The Society is committed, provided the recipients fulfill the requirements of the funding agreements, to provide grants totaling \$607,234 subsequent to March 31, 2016. It is Society's intent that these commitments will be funded fully from the surplus position at March 31, 2016.

	<u>2016</u>	<u>2015</u>
Decker Lake Recreation Commission - Freshen and Finish	\$ 5,591	\$ -
Rose Lake Community Club - Renovation and Upgrade	5,628	-
Village of Fraser Lake - Move the Museum	50,000	-
Southside Economic Development Assn - Highway 16 Billboard	375	375
Southside Health and Wellness - Centre Upgrade	2,035	-
Village of Burns Lake - Ammonia Plant Replacement	100,000	-
Burns Lake and District Chamber of Commerce - Trails Brochure	-	4,625
Burns Lake Mountain Bike Association - Boer Mountain Trail	-	7,454
District of Vanderhoof - NVSS Music Program	15,000	-
District of Vanderhoof - Aquatic Centre	100,000	-
District of Vanderhoof - Housing Needs Study	-	2,500
Tweedsmuir Recreation Commission - Wistaria Hall Upgrade	-	40,000
Village of Burns Lake - Downtown Revitalization Phase 2A	12,500	12,500
Southside Economic Development Assn - Roads Already Travelled	3,000	2,635
District of Vanderhoof - Heritage Restoration	-	3,000
BC Forage Council - Production	7,500	7,500
Tweedsmuir Cavaliers - Parking for Ponies	-	7,000
Lakes District Fall Fair Assn - Parking Lot Upgrade	-	11,998
Lakes District Outdoor Rec Society - Rec Site Accessibility	-	3,325
District of Vanderhoof - Friendship Centre Renovation	-	15,000
Village of Burns Lake - Information Kiosk Phase II	2,010	2,010
Burns Lake & District Chamber of Commerce - Marketing Photography	-	3,500
District of Vanderhoof - Recreation Centre Upgrade	55,000	55,000
Lakes District Fall Fair Assn - Parking/Washroom	-	26,222
Nechako Valley Sporting Association - Lighting Upgrade	-	35,000
St. Lukes Church on the Lake - Restoration Project	-	15,000
Saik'uz First Nation - IRS Commemorative Park	40,000	40,000
Nechako Valley Search & Rescue - Training Facility Renovation	-	61,678
Burns Lake Mountain Biking Assn - Boer Mountain 2015 Westside	62,500	125,000
Grassroots Development - NKDF	6,595	-
Lakes District Airport Society - Runway Rehabilitation	100,000	-
District of Vanderhoof Greenhouse Feasibility Study	7,500	-
Regional District of Bulkley Nechako - Research & Signage	20,000	-
Regional District of Bulkley Nechako - Investment Readiness Plan	<u>12,000</u>	<u>-</u>
	<u>\$ 607,234</u>	<u>\$ 481,322</u>